

**DEPARTMENT OF GENERAL SERVICES
OFFICE OF PUBLIC SCHOOL CONSTRUCTION**501 J STREET, SUITE 400
SACRAMENTO, CA 95814

February 4, 1997

To : All School District Superintendents and County Superintendents of Schools

Subject : **ADVISORY OF ACTIONS TAKEN BY THE STATE ALLOCATION BOARD AND OTHER ISSUES**

On January 22, 1997, the State Allocation Board (SAB) apportioned approximately \$8 million from the contingency reserves to complete 41 projects which received bid approval for construction. The SAB also addressed the redistribution of certain Proposition 203 funds for other uses and certain policy proposals identified below. Specific actions taken by the SAB are as follows:

Consent Calendar

The Construction Cost Indexes for Class B and D construction remain at 1.24, and is effective November 1, 1996. The Furniture and Equipment (F&E) Index remains at 1.32. The Historical Savings Index decreased from 7.63 to 7.29, and is effective January 1, 1997.

The SAB approved the consent calendar with the exception of construction bid approvals for projects located in Riverside and San Bernardino Counties. The SAB also approved the bids for the projects located in Riverside and San Bernardino Counties but required that the Office of Public School Construction (OPSC) evaluate the source of funding for the educational technology (ET) portion of the project. If it is determined that the ET portion of the project is part of the County ET program, the state funding for the ET portion of the project must be provided by the previously apportioned funds available at the County. If there is no connection to the County ET program, the OPSC will release the ET portion of the bid to the district. As an interim measure, the OPSC will release the construction funds to the districts in accordance with established SAB guidelines, with the exception of the ET portion of the project for the affected districts. In either event, the school district's project will be fully funded, including the ET portion of the project, from Proposition 203 funds.

Transfer of funds available from various programs

The SAB approved a report from the OPSC regarding the funding for the Northridge Earthquake Program. In February, 1995, the SAB set aside \$45 million for this purpose and subsequently allocated approximately \$11.4 million. The Office of Emergency Services has indicated that an additional \$13.3 million is needed to complete the Program funding requirements. The remaining balance of \$20.2 million is available for other programs administered by the SAB. In addition, there is \$95 million available for transfer from the Class Size Reduction (CSR) Program that is no longer needed for that purpose and \$10 million of ET funds from modernization projects. The SAB took the following action regarding these balances:

1. Transferred \$6 million from the Northridge Earthquake Program to the State Relocatable Classroom Program to purchase additional buildings.
2. Placed the following funds in the Contingency Reserve and directed the OPSC and the SAB Implementation Committee to develop proposals for consideration by the SAB to redistribute these funds to one or more of the programs outlined in Proposition 203.
 - a. \$10 million from ET modernization program
 - b. \$14.2 million from the Northridge Earthquake Program
 - c. \$95 million from the CSR Program

The OPSC and the SAB Implementation Committee will be discussing the redirection of these funds at a meeting scheduled for February 7, 1997, from 9:00 a.m. to 1:30 p.m. in Room 113 of the State Capitol. A proposal for redirection of these funds will be discussed by the SAB at the meeting scheduled for February 26, 1997.

Further, the SAB authorized the OPSC to solicit architectural proposals that will provide several models of relocatable classrooms by use of standard plans for a cost not to exceed \$100,000.

Approvals Without Apportionments

The SAB discussed this issue and elected to continue the “zero” approval policy for all priority one and two new construction and modernization projects with the understanding that the OPSC will continue to process the established workload priorities first. This includes the (1) release of Proposition 203 funds, (2) bids, (3) appeals, (4) roofing and (5) 60/40 projects. It is anticipated that “zero” approvals will commence at the April, 1997 SAB meeting. A “zero” approval policy was also approved for the Air-Conditioning Program.

Additionally, the SAB approved a provision that eligibility verification at Phase C for new construction projects will only be made if the initial approval action is over three years old. The three year period will be based on the SAB Phase P approval date of the application and/or the amended application, with or without an apportionment.

Interim Housing

The SAB reviewed a request to increase the allowance for interim housing for all modernization projects that were funded for Phase C with Proposition 203 funds. The estimated cost to increase the interim housing allowance for these projects is \$6 million. The SAB held this item over but directed the OPSC and the SAB Implementation Committee to address the funding of this proposal as part of the overall discussions regarding the redirection of funds to other Proposition 203 programs.

Deferred Maintenance Critical Hardship Policy

The SAB considered a proposal from the SAB Implementation Committee to address “out-of-order” funding for certain critical hardship projects. The SAB held this item over and directed the OPSC and the SAB Implementation Committee to review the definition of “critical hardship” and the need for “out-of-order” funding by a district due to health and safety issues.

High Priority Roof Replacement Program

The SAB adopted the OPSC recommendation to extend the filing date for receipt of new or amended applications until February 28, 1997. It is anticipated that the \$30 million set aside for high priority roof replacement projects will be allocated to districts at the regular SAB meeting in March, 1997. The SAB agreed to allow reimbursement for eligible roofing expenditures that were incurred on or after September 25, 1996. The OPSC has issued a separate letter (enclosed with this mailing) to clarify the specific program criteria. Should you have questions regarding this program or need the application package, please call Sally Lemenager at (916) 323-0139 or via e-mail at slemenager@dgs.ca.gov.

Information Section

The agenda included a tentative list of those districts that submitted requests for 60/40 funding. The list reflects the proposed date order of the projects and the estimated amounts needed to fund the State's portion of the projects. It is proposed that the apportionments for the 60/40 requests will be made by the SAB at the February 26, 1997 meeting. If your district is requesting 60/40 funding and you question your project's status, please call Cruz Naranjo at (916) 322-1838 or via e-mail at cnaranjo@dgs.ca.gov.

This Section of the agenda also included an updated version of the "Status of Applications" report that identifies applications that have been received and either awaiting approval or have been approved for Phase P, Phase S, Phase C (not bid) and Phase C (bid), but not closed out. Projects closed out by the Fiscal Section of the OPSC are not shown on this report. The "Status of Applications" report will be published quarterly in the SAB agenda and available on the Internet at <http://www.dgs.ca.gov>. Should you believe that any of your applications are shown incorrectly on this report or any of your applications have been omitted from this report, please call Richard Gonzalez at (916) 322-1234 or via e-mail at rgonzale@dgs.ca.gov.

Other Issues

In order to address the backlog of appeal requests submitted to the SAB, the OPSC has developed a Special Appeals Team that will concentrate on processing all appeals to the SAB within the next three to four months. The OPSC will process the appeals by date received and in the following order: new construction Phase C, S and P (submitted prior to September 26, 1996), modernization Phase C and P (submitted prior to September 26, 1996) and the balance of the appeals submitted after September 25, 1996 in date order received regardless of new construction or modernization. Appeals that are deemed by the OPSC to be a health and safety issue will be processed to the next available SAB meeting.

Districts are advised that the SAB policy regarding time limits on apportionments requires that districts must start the construction of a project within 365 days from the date the Phase C apportionment is made by the SAB for the project. If the construction does not start within that time period, the apportionment for that project will automatically be scheduled for consideration of rescission at the next available SAB meeting. Start of construction is deemed to be the date the "Notice to Proceed" is issued for the entire project (i.e., all building area of the project). Districts may request an extension of the 365 day period on a case by case basis. To date, the OPSC has received approximately 130 bid approval requests for projects that received a Phase C apportionment.

There are still over 450 projects that have received a Phase C apportionment where the districts have not submitted the bid documents to the OPSC. In order to meet the 365 day time limit policy of the SAB, districts are encouraged to bid and start the construction of its project(s) as quickly as possible in order to retain the construction apportionment previously made by the SAB.

For your convenience, copies of the applicable agenda items regarding the issues discussed in this letter are enclosed. Should you have questions regarding the contents of this letter, please direct your calls to your Project Manager.

Sincerely,

TED W. DUTTON
Executive Officer

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Attachments